STATE OF SOUTH CAROLINA)

Application of South Carolina Electric & Gas Company for Increases and Adjustments in Electric Rate Schedules and Tariffs)

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2009 - 489 - E

(Please type or print)

Submitted by: K. Chad Burgess
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DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition** ☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:**

INDUSTRY (Check one)

- ☒ Electric
- ☐ Electric/Gas
- ☐ Electric/Telecommunications
- ☐ Electric/Water
- ☐ Electric/Water/Telecom.
- ☐ Electric/Water/Sewer
- ☐ Gas
- ☐ Railroad
- ☐ Sewer
- ☐ Telecommunications
- ☐ Transportation
- ☐ Water
- ☐ Water/Sewer
- ☐ Administrative Matter
- ☐ Other:

NATURE OF ACTION (Check all that apply)

- ☐ Affidavit
- ☐ Agreement
- ☐ Answer
- ☐ Appellate Review
- ☐ Application
- ☐ Brief
- ☐ Certificate
- ☐ Comments
- ☐ Complaint
- ☐ Consent Order
- ☐ Discovery
- ☐ Exhibit
- ☐ Expedited Consideration
- ☐ Interconnection Agreement
- ☐ Interconnection Amendment
- ☒ Late-Filed Exhibit
- ☐ Letter
- ☐ Memorandum
- ☐ Motion
- ☐ Objection
- ☐ Petition
- ☐ Petition for Reconsideration
- ☐ Petition for Rulemaking
- ☐ Petition for Rule to Show Cause
- ☐ Petition to Intervene
- ☐ Petition to Intervene Out of Time
- ☐ Prefiled Testimony
- ☐ Promotion
- ☐ Proposed Order
- ☐ Protest
- ☐ Publisher's Affidavit
- ☐ Report
- ☐ Request
- ☐ Request for Certification
- ☐ Request for Investigation
- ☐ Resale Agreement
- ☐ Resale Amendment
- ☐ Reservation Letter
- ☐ Response
- ☐ Response to Discovery
- ☐ Return to Petition
- ☐ Stipulation
- ☐ Subpoena
- ☐ Tariff
- ☐ Other:

SCANA
POWER FOR LIVING

K. Chad Burgess
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June 24, 2010

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Interim Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company Application for Adjustments and Increases in the Company's Electric Rate Schedules and Tariffs
Docket No. 2009-489-E

Dear Ms. Boyd:

During the hearing in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") directed South Carolina Electric & Gas Company ("SCE&G") to submit late-filed exhibits concerning compensation, the proposed weather normalization adjustment mechanism, and the rate impact of SCE&G's demand side management plan.

Pursuant to the Commission's request, please accept these documents into the hearing record for this proceeding as late-filed exhibits to be identified, per the court reporter, as Hearing Exhibit No. 34, Hearing Exhibit No. 35, and Hearing Exhibit No. 37.

If you have any questions, please advise.

Very truly yours,

K. Chad Burgess

KCB/kms
Enclosures

cc: Nanette S. Edwards, Esquire
Shannon Bowyer Hudson, Esquire
Scott Elliott, Esquire
Alan R. Jenkins, Esquire
Damon E. Xenopoulos, Esquire
E. Wade Mullins III, Esquire
Joey R. Floyd, Esquire
Audrey Van Dyke, Esquire
Thomas L. Moses, Esquire
Stephen R. Suggs, Esquire
Tom Clements
Pamela Greenlaw
Frank Knapp, Jr.
Khojasteh Davoodi
Nick Phillips
(all via First Class U.S. Mail and electronic mail w/enclosures)

BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

DOCKET NO. 2009-489-E

IN RE:	)	
	)	
Application of South Carolina Electric & Gas Company for Increases and Adjustments in Electric Rate Schedules and Tariffs	)	**HEARING EXHIBIT NO. 34**

South Carolina Electric & Gas Company ("SCE&G" or "Company") was asked to provide information concerning any studies comparing its compensation levels for executive, management, and craft personnel to those compensation levels at other utilities.

SCANA Corporation ("SCANA") sets compensation levels for its executives, management, and craft personnel with the goal of providing compensation at a level which is at or near the median (50th percentile) of compensation paid for similar positions at other investor-owned utilities.

Every two years, SCANA engages an independent compensation consulting firm to review the compensation of its executive officers and compare the findings against the market. SCANA's current compensation consultant, Towers Watson (formerly known as Towers Perrin), performed such a compensation survey in 2009 using its database of proprietary market survey information. Each survey is done on a position-by-position basis.

Each survey begins with a review of the specific responsibilities and spans of authority of each of SCANA's executives to allow accurate comparison to the benchmark data. The consultant then measures the specific SCANA positions against positions with comparable

duties, responsibilities, and scope of authority in the consultant's database. The consultant then determines a median market value for the position. All aspects of executive compensation are considered in establishing the market value, including base salary and short-term and long-term incentive compensation.

Using this market compensation data, SCANA's Board of Directors then sets an individual target compensation level for each executive officer considering the individual officers' industry knowledge, particular skills and training, scope of authority and responsibilities, job performance, and tenure in the position or seniority as an executive officer. Consideration may also be given to equity and fairness in relation to the compensation paid to other similarly situated executive officers.

The 2009 Towers Watson compensation survey indicated that SCANA's executive compensation collectively meets its goal of paying SCANA's executives at or very close to the median of compensation paid for similar positions by companies in SCE&G's utility industry peer group which includes the other investor-owned utilities operating in South Carolina.

SCANA sets benchmarks for compensation levels for management and craft positions using published survey data from compensation consultants, as well as data made public as a result of other companies' labor negotiation processes. Benchmarking for management and craft positions is currently done on a position-by-position basis where new positions are created or the job functions of current positions change significantly, thereby requiring salaries to be reevaluated. In past periods, the Company conducted benchmarking surveys for different groups of positions periodically to ensure that it adjusted target compensation levels based on current market data and did not fall significantly behind the market in its compensation levels particularly for jobs reflecting special technical skills. Current target compensation levels for

most management and craft positions were set through this process. However, in light of current market conditions the Company has suspended broad-based salary adjustments, and current compensation levels are, in effect, frozen at the market levels established several years ago. Other companies in the industry also suspended salary adjustments during 2009. SCANA believes that its current target and actual compensation levels for management and craft personnel are at or below the median of compensation paid for similar positions by other companies in the region.

BEFORE

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IN RE:	)	
	)	
Application of South Carolina Electric & Gas Company for Increases and Adjustments in Electric Rate Schedules and Tariffs	)	**HEARING EXHIBIT NO. 35**

South Carolina Electric & Gas Company ("SCE&G" or "Company") was asked to provide a visual depiction explaining the weather normalization adjustment ("WNA") proposed in this docket.

The two attached flowcharts demonstrate how the WNA is calculated and applied to the electric bill of a hypothetical Rate 8, multi-family, space-heat customer during a hypothetical winter and summer month. Under the WNA mechanism, after the Company completes all meter reads for a given meter read cycle,[1] the Company accumulates the weather for that cycle and calculates the deviation of this weather from normal by calculating both the number of Heating Degree Days ("HDD") and Cooling Degree Days ("CDD") during the cycle and comparing this number to the historical average number of HDD or CDD during the same cycle over the past fifteen (15) years.[2]

[1] SCE&G reads its electric meters over 20 cycles throughout the course of each month.

[2] A HDD (or CDD) is a quantitative measure of how cold (or hot) the weather is. It provides an indication of the need to heat or cool a home or business. HDD is defined as the non-negative difference of 60 °F minus the average daily temperature. The HDD for each day of the billing cycle are then summed to get the total HDD.

Likewise, CDD is defined as the non-negative difference of the average daily temperature minus 75 °F. The CDD for each day of the billing cycle are then summed to get the total CDD.

After actual and normal weather for a given cycle becomes known, the HDD or CDD values are then used to calculate model estimates of the actual and weather-normalized average use for predetermined rate/class/heating categories, which then allows SCE&G to calculate the percentage of average use for rate/class/heating category due to weather above or below normal. This percentage is then multiplied by the upper block of the relevant rate (less fuel costs) for the typical customer category to determine the WNA rate. This WNA rate is multiplied by the customer's actual usage to determine the WNA impact on the customer's final bill.

The attached flowcharts show that a hypothetical Rate 8, multi-family, space-heat customer who consumed 1,206 kWh during a hypothetical winter month, approximately 17% of which was due to colder than normal winter weather, would receive a WNA reduction in the amount of $14.16 on his or her bill and that a hypothetical customer who consumed 1,213 kWh during a hypothetical summer month, approximately 15.75% of which was due to warmer than normal summer weather, would receive a WNA reduction in the amount of $16.24 on his or her bill.

Although the attached flowcharts show WNA reductions to a customer's bill, the WNA may also result in an increase to a customer's bill when weather is milder than normal, i.e. warmer than normal winters and cooler than normal summers. For instance, if the Company's service territory experiences a warmer than normal winter such that the actual number of HDD is below normal, the warmer than normal winter weather would result in decreased electric consumption by the average customer. In this hypothetical, the customer's bill would increase as a result of the WNA to account for the decreased usage due to the warmer than normal winter weather.

Flowchart and Calculation of Electric Weather Normalization Adjustment (WNA)

WNA process will begin once actual cycle temperature data is available.

Example below is based on usage estimated for a Rate 8, multi-family, space-heat customer.

Calculate actual and normal Heating Degree Days (HDD) or Cooling Degree Days (CDD) for a given billing cycle based on meter read schedule.

Colder-than-normal winter weather scenario:

Actual HDD:	507.5
Less Normal HDD:	- 363.2
Above-normal HDD:	144.3

↓

Calculate model estimates of actual and weather-normalized average use for predetermined rate/class/heating categories.

Estimated average use:	1,206 KWH
Less average use due to weather:	- 204 KWH
Normal-weather average use:	1,002 KWH

↓

Calculate percentage change of typical customer average use due to weather above/below normal.

Percentage of average use due to weather:
204 KWH/1,206 KWH = 16.915%

↓

Multiply percentage change to upper block of relevant rate for typical customer category to determine WNA rate.

Upper-block rate:	$0.10547/KWH
Less fuel component of rate:	-$0.03606/KWH
Non-fuel upper-block rate:	$0.06941/KWH
Multiplied by percent avg. use due to weather:	x 16.915%
WNA rate:	$0.011741/KWH

↓

Calculate bill without WNA. Then calculate the WNA amount by applying the WNA rate to customer usage, and determine final bill.

Original Bill without WNA:	$138.83
Less WNA rate adjustment ($0.011741* 1,206KWH):	- $14.16
Adjusted WNA Bill to Customer:	$124.67

Flowchart and Calculation of Electric Weather Normalization Adjustment (WNA)

WNA process will begin once actual cycle temperature data is available.

Example below is based on usage estimated for a Rate 8, multi-family, space-heat customer.

Calculate actual and normal Heating Degree Days (HDD) or Cooling Degree Days (CDD) for a given billing cycle based on meter read schedule.

Hotter-than-normal summer weather scenario:

Actual CDD:	296.5
Less Normal CDD:	- 183.3
Above-normal CDD:	113.2

↓

Calculate model estimates of actual and weather-normalized average use for predetermined rate/class/heating categories.

Estimated average use:	1,213 KWH
Less average use due to weather:	- 191 KWH
Normal-weather average use:	1,022 KWH

↓

Calculate percentage change of typical customer average use due to weather above/below normal.

Percentage of average use due to weather:
191 KWH/1,213 KWH = 15.746%

↓

Multiply percentage change to upper block of relevant rate for typical customer category to determine WNA rate.

Upper-block rate:	$0.12108/KWH
Less fuel component of rate:	-$0.03606/KWH
Non-fuel upper-block rate:	$0.08502/KWH
Multiplied by percent avg. use due to weather:	x 15.746%
WNA rate:	$0.01339/KWH

↓

Calculate bill without WNA. Then calculate the WNA amount by applying the WNA rate to customer usage, and determine final bill.

Original Bill without WNA:	$146.01
Less WNA rate adjustment ($0.01339* 1,213KWH):	- $16.24
Adjusted WNA Bill to Customer:	$129.77

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THE PUBLIC SERVICE COMMISSION

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DOCKET NO. 2009-489-E

IN RE:	)	
	)	
Application of South Carolina Electric & Gas Company for Increases and Adjustments in Electric Rate Schedules and Tariffs	)	**HEARING EXHIBIT NO. 37**

South Carolina Electric & Gas Company ("SCE&G") was asked to provide the impact of its Demand Side Management Plan on the monthly bill of a residential customer who consumes 1,000 kilowatt-hours ("kWh").

The initial rate impact of SCE&G's proposed Demand Side Management Plan for residential customers effective with the first billing cycle of September 2010 would be $0.26 per month per 1,000 kWh. This calculation is made by reference to the proposed rate rider filed in Docket No. 2009-261-E, a copy of which is attached.

SOUTH CAROLINA ELECTRIC & GAS COMPANY — ELECTRICITY

RIDER TO RETAIL RATES — DEMAND SIDE MANAGEMENT COMPONENT

APPLICABILITY

Service supplied under the Company's retail electric rate schedules is subject to approved Demand Side Management (DSM) program cost adjustments. The rates shown below are applicable to and a part of the Company's South Carolina retail electric rate schedules and included in the monthly rate provision of the applicable schedule used in billing and shall therefore be added to customer's monthly bill statement:

DSM RATES BY CLASS ($/kWh)

Customer Class	DSM Factors
Residential	**0.00026**
Small General Service	**0.00032**
Medium General Service	**0.00011**
Large General Service	**0.00003**

DERIVATION OF FACTORS

Demand Side Management costs to be recovered in an amount rounded to the nearest one-thousandth of a cent per kilowatt-hour, will be determined by the following formula:

A = D / S

A = Customer Class Specific DSM Program Costs Rate Adjustment per kilowatt-hour applied to base rates rounded to the nearest one-thousandth of a cent.

D = DSM revenue requirement for the period calculated as (C + L + R)

Where:

C = One year of Amortization Expense (based upon the balance of DSM Program Costs at the beginning of the annual review period) plus associated Carrying Costs (calculated using the Company's Weighted Average Cost of Capital)

L = Net Lost Revenues for each customer class based on forecasted retail kWh sales reductions attributable to DSM programs. Revenue lost would be calculated using the average rate per customer class less the class specific fuel component and variable O&M. The resulting factor would then be multiplied by the kWh sales lost for each class of customers. This amount will be "trued-up" for the actual impact on prior year sales.

R = One year of amortization of DSM Program Incentive to be calculated by multiplying the estimated Net Present Value Benefit of each energy efficiency program as determined by the Utility Cost Test times 6%.

S = Projected customer class specific sales, defined as retail kilowatt-hour sales from each class of customers for the current period, less sales from customers who have been approved for opt-out status.

The appropriate revenue-related tax factor is to be included in these calculations.

"OPT-OUT" PROVISION

1. Industrial customers as defined in Rate 23 are eligible to opt-out of DSM programs and costs.

2. Customers wishing to opt-out of DSM programs and recovery of DSM costs shall file a writing with the Company on a form provided by the Company representing that they have already implemented or will be implementing alternative DSM programs. Certifications shall be valid until withdrawn. If a Customer should choose to participate in one or more DSM programs for any account, then such Customer will not be permitted to opt-out of DSM programs and recovery of DSM costs for that account for a period of five years.

3. Customers who opt-out but later elect to participate in one of the Company's programs may do so upon application to the Company. If acceptable to the Company, the Customer may participate in the Company's programs, but may not apply to opt-out again for a period at least as long as the amortization period.

Since DSM charges are included and a part of retail rates, customers qualifying for the opt-out provision shall receive the following DSM Credit on their monthly bill statement:

DSM Credit = Billed kWh times the applicable DSM Rate*

* The DSM Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

DEFINITIONS

1. Annual Review Period - The period of time between December 1 and November 30.
2. Amortization Period - The five-year period of time which the Company's DSM measures, program costs and incentive are deferred and amortized.
3. Customer Class - The Company's classification of customers based on similar energy usage characteristics. These are defined as follows:

Residential:

Rate 1 (RGC) – Good Cents Rate, Rate 2 – Low Use Residential Service, Rate 5 - Residential Service Time-of-Use, Rate 6 (RGCC) – Energy Saver / Conservation Rate, Rate 7 – Residential Service Time-Of-Use Demand, Rate 8 – Residential Service

Small General Service:

Rate 3 (M) – Municipal Power Service, Rate 9 – General Service, Rate 10 – Small Construction Service, Rate 11 – Irrigation Service, Rate 12 (C) – Church Service, Rate 13 (ML) – Municipal Service, Rate 14 – Farm Service, Rate 16 – General Service Time-Of-Use, Rate 22 (S) – School Service, Rate 28 – Small General Service Time-Of-Use Demand

Medium General Service:

Rate 19 – General Service Concurrent Demand Time-Of-Use, Rate 20 – Medium General Service, Rate 21 – General Service Time-Of-Use Demand, Rate 21A – Experimental Program - General Service Time-Of-Use Demand

Large General Service:

Rate 23 – Industrial Power Service, Rate 24 – Large General Service Time-Of-Use, Rate 27 - Large Power Service Real Time Pricing (Experimental)

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The contract terms will be the same as those incorporated in the rate tariff under which customer receives electric service.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and form a part of this rider.